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S E C R E T SECTION 01 OF 03 LAGOS 001248

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SUBJECT: PRESIDENT'S LAWYER: PRESIDENT IS "COMPARATIVELY
CLEAN", BUT TRUST IN ASSOCIATES MISPLACED

Classified By: CONSUL GENERAL BRIAN L. BROWNE; REASONS 1.4 (D,E)

11. (C) Summary: Wale Babalakin, private legal counsel to President Obasanjo and head of one of Nigeria's largest law firms, told Consul General that the President's trust in an inept corps of advisors has led to much of the current negative press reports, including the embarrassment over Transcorp. The lawyer described President Obsanjo's relationship with intimate advisors as pendular, swinging from giving them virtual carte blanche to pillory them should they make a misstep that suggests disloyalty. The President's counsel painted a picture of his client as a "comparatively clean" man whose reputation is being sullied by the brashness and cupidity of his subordinates. Babalakin said the Commission of Inquiry report on V.P. Atiku was legally flawed but a sufficiently potent political weapon to accomplish Obsanjo's objective of derailing Atiku's presidential ambitions. End Summary.

President Tells His Attorney: Handle False Report

12. (S) Wale Babalakin, private legal counsel to President Obasanjo and name partner in one of Nigeria's largest law firms, handled three phone calls from the President in the course of a visit to the Consul General's residence. The agitated President instructed Babalakin to handle fallout from a report that appeared on a Nigerian website (www.arewa-online.com) alleging that Obasanjo had looted approximately 10 million dollars from Nigeria's oil reserve fund. The President has asked attorney Babalakin to sue the responsible parties for defamation, and to issue a press release challenging anyone to find "one penny" in a foreign account in his name.

But Report Holds Grain of Truth

13. (S) Babalakin stated that this charge and the allegation that Obasanjo transferred USD 110,000 to a girlfriend in London had rankled the President to no end. The President is agitated about the rumored transfer of money to London because there is a grain of truth to the story. The woman

named is in fact one of the President's "friends". Babalakin believed the President when he said he never authorized a funds transfer. Yet, Babalakin wondered if one of Obasanjo's aides had connived with the "friend" in order to make a little money at government's expense and seemingly with Obasanjo's approbation.

President Trusts Too Much, Attorney Claims

¶4. (C) Babalakin then began to wax about Obasanjo's relationship with his close advisers. The President has an unusual approach to people, the attorney claimed. To a person he likes, Obasanjo will delegate important matters that may even go well beyond that person's ken. At the same time, he will turn a blind eye to wrongdoing of which the person may be accused and may strenuously attack that person's accusers. However, if that same individual makes a mistake that Obasanjo perceives as disloyalty, the President turns on the person with a malignity that surpassed in intensity the lenience previously granted. To illustrate his point, Babalakin told the story of Ambassador Patrick Dele-Cole. Obasanjo trusted Cole to the point of signing decision memoranda Cole presented to him without reading the contents.

However, when Obasanjo heard reports that Dele-Cole had finagled his own son into a lucrative oil deal, the President immediately turned on Cole. Cole had to resign. Paradoxically, Cole's son, whom the President did not even know at the time, is now a junior member of Obasanjo's business clique, the lawyer offered. Obasanjo now knows Cole was innocent of misconduct but Obasanjo's ample pride would not allow him to reconstitute Cole in any manner.

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Trust Was President's Downfall in Transcorp Case
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¶5. (C) This purblind loyalty is operative in how the President handles his personal finances, the attorney claimed. Obasanjo has placed the bulk of his personal financial matters in the hands of two people: Daniel Atwo, a Ghanaian, and Lucky Egebi, who is Nigerian. When he assumed the Presidency, Obasanjo established a blind trust which this duo controls, according to the attorney. Unfortunately, neither man has much business acuity, the attorney lamented.

¶6. (C) When Transcorp was formed, one of its Directors offered Atwo 200 million shares of Transcorp gratis. At the time, Obasanjo knew nothing about the transaction, Babalakin stated. However, Obasanjo later learned of the transfer and did nothing about it until he ordered Atwo to dump the shares because the matter had become a topic of much public discourse and a bit too much derision.

¶7. (C) When, at Obasanjo's behest, Transcorp was being established by some of the country's key business figures, Babalakin advised the President to set up a second "mega-company" which, he suggested, would attract technocrats and others who could invest smaller amounts. The second company would thus be a counterweight and reduce Transcorp's monopolistic position. Obasanjo downplayed the attorney's concerns and declined to act on his recommendation until Transcorp fell under criticism. At that point, he directed the EFCC Chairman Nuhu Ribadu to request Babalakin establish the second mega company, which Babalakin refused to do in light of the public controversy swirling around Transcorp.

¶8. (C) Babalakin mentioned well-known activist and human rights attorney Gani Fawahinmi wrote an article alleging Obasanjo's ownership of the Transcorp shares violated the Code of Conduct and thus Obasanjo should stand before the Code of Conduct Tribunal. Obasanjo also asked Babalakin to rebut the article, which Babalakin agreed to do. The

attorney believes that because the shares were in a blind trust, Obsanjo was shielded from responsibility for acts of the trustees. (Note: This is a sticky point because the Constitutional provision regarding the Code of Conduct states a principal is legally responsible for the act of his trustee. Thus Atwo's acceptance of the Transcorp shares could be imputed to Obasanjo. End Note)

Obasanjo "Comparatively Clean"

¶9. (C) Babalakin believes that, although Obasanjo can be cavalier in delegating responsibility, he is "clean" by Nigerian standards. However, Obasanjo "would cry" if he knew all that his minions were doing in his name, the attorney said, because the transgressions are legion.

Obasanjo Seeks To Bar Atiku's Presidency, Not Jail Him

¶10. (C) Babalakin told the CG that Obasanjo does not necessarily want to jail Atiku; he just wants to luxate the latter's presidential ambitions. In Babalakin's opinion, the recent report prepared against Atiku by the Administrative Panel of Inquiry is not a bona fide indictment. Moreover, the document is of weak quality legally. However, because the press and everyone else is calling it an indictment, it now has the effect of one. This may deprive Atiku of the chance to run for the Presidency. Babalakin added that the President also seethes against ex-head of state Ibrahim Babangida (IBB) because he opposed the third term. Babangida stands right behind Atiku on the President's list of candidates he wants to derail, alleged Babalakin.

Unsophisticated Advisors Engage in Overkill

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¶12. (C) Babalakin contended that because Obasanjo's advisors were political strategists they had engaged in overkill against Atiku. Babalakin has told the President that Obasanjo's control of the PDP national party machinery, coupled with the recent indictment, albeit flimsy, was sufficient to choke Atiku's presidential aspirations. By doing more, especially in going to the press, Obasanjo provided Atiku an opening to attack Obasanjo. Babalakin advised Obasanjo to get the story out of the newspapers and let Nigeria's courts handle the matter at their normal dilatory gait. However, Obasanjo's advisors know how to stoke his emotions and encourage his rashness. They do this because by appearing to want all-out war with Atiku they curry favor with Obasanjo who will view their stridency as evidence of loyalty.

¶13. (C) Comment: Babalakin's portrait of Obasanjo rings true in large part. While his lawyer predictably seeks to absolve Obasanjo from legal culpability for many things, Obasanjo will face a tougher time avoiding political responsibility. First, he cannot easily absolve himself of responsibility for the acts of trustees and subordinates in whom he placed unbounded descretion. Second, the pendular nature of Obasanjo's relationship with his advisors reveals a capricious, mercurial streak in Obasanjo that not only is unappealing. It is a liability during a period of time when greater than normal balancy and constancy is required.
BROWNE